

Message Text

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PAGE 01 GENEVA 01607 101514Z

43

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TAGS: ECE

SUBJECT: ECE - SENIOR ECONOMIC ADVISERS

SUMMARY. SESSION DEVOTED PRIMARILY TO EXAMINATION OF FRAMEWORK FOR OVER-ALL ECONOMIC PERSPECTIVE (OEP) WHICH WILL MAKE PROJECTIONS TO 1990. OUTLINE ADOPTED AND REFERRED TO EXPERT GROUP. TARGET SET FOR COMPLETION BY 1977. ADVISERS ALSO REVIEWED CURRENT SITUATION WITH WESTERN DELS REFERRING TO SLOW-DOWN IN ECONOMIC ACTIVITY BUT CAUTIOUS OPTIMISM FOR COMING YEAR. US ADVISER (JONES) STATED ECONOMIC UP-TURN LIKELY BY END OF 1975 WITH DECLINING INFLATION RATE BUT WITH HIGH UNEMPLOYMENT PERSISTING. ENERGY QUESTIONS RECEIVED BRIEF TREATMENT. US OUTLINED GOALS OF PROJECT INDEPENDENCE AND CURRENT US POLICIES. ADVISERS AGREED TO CONTINUE WORK ON STUDY OF BASIC PRODUCTS AND ENERGY FOR COMPLETION WITHIN TWO YEARS. AGREED TO HOLD SEMINAR IN 1976 ON INTERNATIONAL INVESTMENTS. END SUMMARY.

1. DISCUSSION OF CURRENT ECONOMIC SITUATION

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PAGE 02 GENEVA 01607 101514Z

AFFORDED OPPORTUNITY FOR BETTER UNDERSTANDING OF

SPECIFIC PROBLEMS FACING MEMBER COUNTRIES. U.S. (SIDNEY JONES) REVIEWED 1974 PERFORMANCE AND OUTLOOK. NOTED THAT ECONOMIC ACTIVITY CONTINUING TO DECLINE ALTHOUGH MODERATE RECOVERY ANTICIPATED BY LATE 1975. INFLATION RECEDING ALTHOUGH STILL AT UNSATISFACTORY LEVEL AND SERIOUS UNEMPLOYMENT SITUATION UNLIKELY TO ABATE IN NEAR FUTURE. HE PRESENTED ECONOMIC REPORT OF THE PRESIDENT AND GAVE DETAILED OUTLINE OF ADMINISTRATION POLICIES TO DEAL WITH CURRENT SITUATION. BALANCE OF 1970S PRESENTED MORE OPTIMISTIC PICTURE, IN U.S. VIEW, WITH STRONG GROWTH ANTICIPATED. LABOR FORCE WOULD GROW, PERSONAL CONSUMPTION WOULD RISE AND THERE WOULD BE STRONG INVESTMENT. 1980S WOULD WITNESS SLOWER GROWTH OF LABOR FORCE WHICH MAY REDUCE REAL GROWTH ALTHOUGH GROWTH WOULD BE ADEQUATE TO ABSORB LABOR FORCE. HEAVY INVESTMENT WILL CONTINUE.

2. OTHER WESTERN REPRESENTATIVES MADE SIMILAR OBSERVATIONS CONCERNING CURRENT ECONOMIC SLOW-DOWN AND PROSPECTS FOR RECOVERY. INFLATION, UNEMPLOYMENT AND IMPACT OF OIL PRICE RISE CITED AS PROBLEMS OF COMMON CONCERN ALTHOUGH PROSPECTS APPEAR BRIGHTER FOR THE FUTURE.

3. SOCIALIST COUNTRIES INDICATED THAT GROWTH RATES WERE HIGHER IN MOST RECENT FIVE YEAR PERIOD AS COMPARED WITH PREVIOUS FIVE YEARS. USSR GAVE FRANK DESCRIPTION OF PROBLEMS POSED TO DEVELOPMENT OF AGRICULTURAL AND RAW MATERIALS RESOURCES. POINTED OUT PROBLEMS FACED BY PLANNERS IN IMPROVING STANDARD OF LIVING THROUGH TECHNOLOGICAL PROGRESS AND RATIONAL USE OF RESOURCES.

4. PRINCIPAL ITEM OF SESSION DEVOTED TO PREPARATIONS FOR AN OVERALL ECONOMIC PERSPECTIVE (OEP) FOR THE REGION TO COVER PERIOD UP TO 1990. PROJECT WOULD PROVIDE GENERAL ECONOMIC FRAMEWORK FOR LONG-TERM PROJECTS OF OTHER ECE PRINCIPAL SUBSIDIARY BODIES AND ANALYZE MACROECONOMIC IMPLICATIONS OF STUDIES MADE BY THOSE BODIES. OEP DESIGNED TO ASSIST PLANNERS AND POLICY-MAKERS IN PLACING NATIONAL ISSUES IN CONTEXT OF WORLD ECONOMIC DEVELOPMENT. DISCUSSION BASED ON SECRETARIAT PRELIMINARY PAPER (EC.AD.(XII), LIMITED OFFICIAL USE

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PAGE 03 GENEVA 01607 101514Z

R.2) AND TREND STUDIES (R.3).

5. GENERAL OUTLINE FOR OEP AGREED AS FOLLOWS:
PART 1 - INTRODUCTION; PART 2 - GENERAL ECONOMIC AND SOCIAL DEVELOPMENT PATTERNS; PART 3 - FACTORS AND CONDITIONS OF LONG-TERM ECONOMIC GROWTH (SCIENCE AND TECHNOLOGY, BASIC PRODUCTS AND ENERGY; POPULATION, EMPLOYMENT AND LABOR PRODUCTIVITY; INVESTMENT; ENVIRONMENT); PART 4 - INTERNATIONAL

ECONOMIC RELATIONS.

6. SECOND DRAFT OF SECRETARIAT PAPER TO BE PREPARED AND REVIEWED BY AD HOC MEETING OF EXPERTS IN AUGUST, 1975, REVISED BY 13TH AND 14TH SESSIONS OF ECONOMIC ADVISERS (1976-77) ON THE BASIS OF NEW INFORMATION AND THEN FINALIZED FOR PUBLICATION.

7. BRIEF DISCUSSION HELD ON ECE WORK ON BASIC PRODUCTS AND ENERGY WHICH HAS BEEN IN PROGRESS FOR SEVERAL YEARS. AGREED THAT THIS WORK SHOULD BE COMPLETED AS SOON AS POSSIBLE AND USED AS INPUT INTO OEP.

8. U.S. (JONES) PRESENTED PAPER ON ENERGY POLICIES AND PROVIDED ORAL COMMENTARY ON THE PAPER. OUTLINED ADMINISTRATION ENERGY PROGRAM DESIGNED TO ACHIEVE ECONOMIC AND SECURITY GOALS OVER SHORT, MEDIUM AND LONG-TERM. DISCUSSED CURRENT SITUATION CAUSED BY INCREASED OIL PRICES AND IMPACT OF DEPENDENCE ON IMPORTS. CONTRASTED FUTURE SITUATION OF INCREASED IMPORT DEPENDENCE IF NO ACTION TAKEN AND GOAL OF INVULNERABILITY TO IMPORTS IF ADMINISTRATION POLICIES ADOPTED. ALSO DISCUSSED INTERNATIONAL ENERGY POLICY AND FINANCING ARRANGEMENTS. EMPHASIZED NEED FOR COOPERATIVE ACTION BY OIL CONSUMING NATIONS AND MEASURES TAKEN TO MEET FINANCIAL NEEDS OF COUNTRIES AFFECTED BY INCREASED COST OF OIL IMPORTS. CONCLUDED THAT NATIONS ARE INCREASINGLY INTER-DEPENDENT AND THAT DEVELOPMENT OF EFFECTIVE ENERGY POLICIES IS CRUCIAL CHALLENGE TO CONTINUED ECONOMIC COOPERATION AND PROGRESS. ENDORSED ROLE OF SENIOR ADVISERS IN THEIR WORK ON ENERGY AS A FUNDAMENTAL CONCERN IN ECONOMIC PLANNING.

9. ONLY OTHER MAJOR ITEM WAS FUTURE SEMINAR PROGRAM. LIMITED OFFICIAL USE

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AGREED THAT FUTURE SEMINARS SHOULD BE RELATED TO VARIOUS PARTS OF OEP. A SEMINAR IN 1976 MIGHT BE DEVOTED TO LONG-TERM INTERNATIONAL INVESTMENT DECISIONS. SPECIFIC CONSIDERATION COULD BE GIVEN TO FORMS OF INTERNATIONAL ECONOMIC COOPERATION SUCH AS JOINT VENTURES, TRANSFER OF TECHNOLOGY, LEGAL REQUIREMENTS, MANAGERIAL TECHNIQUES AND EXCHANGE OF PATENTS. THE SECRETARIAT WILL HOLD AN INFORMAL CONSULTATION WITH SOME DELEGATIONS IN MAY AND SEMINAR PROGRAM WOULD BE CONSIDERED AT AD HOC MEETING IN AUGUST.

COMMENT: THIS SESSION WAS IMPROVEMENT OVER PREVIOUS SESSION WITH MORE ATTENTION DEVOTED TO EXAMINING CONCRETE ISSUES RATHER THAN TO GENERAL STATEMENTS. PREPARATION OF OEP WILL ABSORB SENIOR ADVISERS AND SECRETARIAT IN BROAD

RANGE OF COMMON ECONOMIC PROBLEMS AS WELL AS ASSIST IN
IDENTIFYING AREAS FOR INTERNATIONAL COOPERATION, INCLUDING
ROLE FOR ECE. DALE

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